

# Regulatory Commission of Alaska Annual Report Fiscal Year 2000



# STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND  
ECONOMIC DEVELOPMENT  
REGULATORY COMMISSION OF ALASKA

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January 26 , 2001

Honorable Brian Porter, Speaker of the House  
and  
Honorable Rick Halford, President of the Senate

Dear Speaker Porter and President Halford:

On behalf of the Regulatory Commission of Alaska we are pleased to submit to the Alaska State Legislature the Thirty-first Annual Report of the Regulatory Commission of Alaska, covering the fiscal year ending June 30, 2000. This is filed pursuant to AS 42.05.211 and AS 42.06.220.

Respectfully yours,

REGULATORY COMMISSION OF ALASKA

  
Chair

  
Commissioner

  
Commissioner

  
Commissioner

  
Commissioner

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Chair Thompson (center) is flanked (left to right) by Commissioners Abbott, Smith, DeMarco and Strandberg

#### Mission Statement

The Regulatory Commission of Alaska protects consumer interests by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure is adequate to support community needs.



*RCA Commissioners and staff*

## Message from the Chair

Fiscal year 2000 (FY00) was a year of profoundly positive changes at the Regulatory Commission of Alaska (RCA). I am proud of the significant efforts of the new Commissioners and of Commission staff, new and old, to address the problems that precipitated the legislature's reorganization of the Commission at the end of its 1999 session. We made significant progress in setting a new path towards a better functioning organization that more efficiently and effectively addresses the needs of consumers and industry.

The statistics on orders issued by the RCA in FY00 are telling. We issued six hundred orders, or eleven to twelve each week. Over ninety-five percent of those orders were substantive orders resolving a significant issue in the case or the case itself. In the only other year where more than six hundred orders were issued, only seventy percent of those orders were substantive. (The balance was procedural orders setting or extending deadlines). These six hundred orders represent a tremendous effort by our staff who analyzed the cases and made recommendations, Commissioners who reviewed the record and decided the issues, as well as staff and Commissioners who wrote the orders along with support staff who processed the orders.

Looking beyond the statistics, the RCA has tried to improve the quality of its orders. We discussed our reasoning, in the hope that certainty in the regulatory environment will encourage business development. To the extent that we can contribute to that certainty by clearly articulating the reasons for our decisions, we have tried to do so.

Throughout the year we have worked to fulfill the Legislature's directive to implement a Management Information System (MIS). We surveyed other state regulatory agencies across the nation and learned that no other agency has an information system to manage its workload and make its processes more available to the public. We have designed such a system and are working carefully through a testing process. We hope to be a model for other states' regulatory agencies. The legislature's leadership in directing this change is commendable, and I am hopeful that when implemented it will allow us to more efficiently cope with our ever increasing caseload and make our processes more accessible to the public.

There were significant personnel changes in FY00. In addition to five new Commissioners, we added an economist to the staff. We have also added and reassigned staff to address the needs of the current workload. New staff needed training. We have sent staff to training classes and hired experts to train us on-site when feasible. The goal of the training is to develop our expertise and keep abreast of changes in utility markets.

The Commission also addressed the large backlog of cases we had inherited from the Alaska Public Utilities Commission (APUC). While the priority has been to timely process new filings, we evaluated and prioritized all of the dockets left to us by the APUC, and are working our way through them. Many of these dockets can be closed, while others raise issues long over due for decision. Each requires an evaluation by staff and the Commission, a time-consuming process that we hope will end before the end of FY01.

In FY01 we look to the challenge of implementing the MIS. We will continue to reallocate our scarce staff resources to meet current needs and hope to add additional staff. The newly formed, and now fully staffed Public Advocacy Section will be appearing before the Commission in several proceedings. We continue to examine how we, as a regulatory agency, can better serve Alaskan consumers and the utility industry.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Nanette Thompson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

G. Nanette Thompson  
Chair





G. Nanette Thompson,  
Chair

Commissioner Thompson began serving on the RCA on July 1, 1999. She was nominated by her colleagues and appointed by Governor Knowles as Chair. Her term expires June 30, 2004. Ms. Thompson served on the Alaska Public Utilities Commission from 1995 to 1996.

Ms. Thompson is admitted to the practice of law in Alaska (since 1983) and Washington (since 1982). She has 17 years of experience as a lawyer in private practice representing business and individual clients and as an Assistant Attorney General for the State of Alaska. After graduating with honors in International Relations from Stanford in 1978, she earned her law degree from the University of Washington in 1982.

Ms. Thompson is an active member of the NARUC Committee on Telecommunications. She was appointed by the FCC to serve on the Federal-State Joint Conference on Delivery of Advanced Services in November 1999, and served as State Chair from 1999 to 2001. She was appointed by the FCC to the Universal Service Joint Board in August 2000 and was elected State Chair in 2001.

Ms. Thompson is active in community activities. She served on the Salvation Army's Booth Home Advisory Board from 1989 to 1994, acting as President in 1994 and on the Campfire Boys and Girls Board from 1995 to 2000. She and her husband, Bill Cooke, have five children ranging in ages from 12 to 26.

On July 1, 1999, Governor Tony Knowles appointed Commissioner Bernie Smith to the new Regulatory Commission of Alaska, with a term expiring June 30, 2003.

Mr. Smith came to the RCA after serving 16 years with Tesoro Alaska Petroleum Company. While employed with Tesoro he held positions as Manager of Alaska Government Affairs & Special Projects, Senior Engineer, and Project Engineer. In 1973, Mr. Smith graduated from Texas A&M University, with a Bachelor of Science Degree in Engineering Technology. He has been active in several community organizations, currently serving as Past President of Chugiak-Eagle River Chamber of Commerce and a board member of the State Chamber of Commerce. At the time of his appointment he was a member of the Alaska Board of Marine Pilots. He served as President and board member of the Boys and Girls Club of the Kenai Peninsula, and was a board member of Nikiski Fire Service Board.

Mr. Smith has resided in Eagle River for the last five years. He has two sons, Dylan (19) who is attending UAA, and Cory (17) a senior at Chugiak High School.



Bernie Smith,  
Commissioner



Patricia M. DeMarco,  
Commissioner

Patricia DeMarco, Ph.D. was appointed by Governor Tony Knowles to a three-year term on the Regulatory Commission of Alaska beginning on July 1, 1999. She also serves on the NARUC Committee on Consumer Affairs. Commissioner DeMarco previously occupied the position of President of the Anchorage Economic Development Corporation for four years. She brings to the Commission a strong interest in utility infrastructure as a mechanism to expand the economic potential of Alaska. She has a multi-disciplined approach to solving problems and views the role of regulation as a catalyst for change.

Dr. DeMarco came to Alaska in 1995 from Connecticut where her experience included a twenty-year career in various aspects of electric utility regulation, planning and operation. She also started a non-profit corporation to diversify the defense dependent economy, especially the area served by the five utilities in the Connecticut Municipal Electric Energy Cooperative.

Dr. DeMarco received her formal education in her hometown at the University of Pittsburgh. She holds a Bachelor of Science and a Doctorate degree in biology and spent seven years in biochemical genetics research. In private life, she is the wife of Joseph Barkoski, owner of Alaska Joe Fishing Charters. Dr. DeMarco serves on the Board of Directors of the Anchorage Symphony Orchestra and Downtown Rotary.

Will Abbott was appointed to the Regulatory Commission of Alaska on July 1, 1999. He was reappointed in 2001 for six-years and his term expires March 1, 2007.

Mr. Abbott previously worked for the Alaska Housing Finance Corporation, Municipality of Anchorage, a local environmental firm, and the U. S. Air Force.

Mr. Abbott is married and has two sons.



Will Smith,  
Commissioner

Appointed in 1999 and reappointed in 2000 for a six-year term, Jim Strandberg has 29 years experience as a Professional Engineer. Born in Anchorage and a life long Alaskan, he attended the University of Alaska Fairbanks and received a Bachelor of Science in Mechanical Engineering in 1970 and a Masters of Science in Arctic Engineering in 1983.

Strandberg is a registered mechanical and civil engineer in Alaska and has worked in rural and urban areas in his professional practice. Early in his career, Strandberg worked on the design team for the Trans Alaska Pipeline, and was stationed in Anchorage, Fairbanks and Houston, Texas. As a Mechanical and Utilities designer, he worked in private practice designing heating, ventilating and air conditioning, district heating and power plant systems.



James S. Strandberg,  
Commissioner

Married for 29 years, Jim and his wife, Emiko, have two grown children each of whom are pursuing an Engineering Career.

## Former Commissioners

<b>Commissioner</b>	<b>Dates of service</b>
Clyde Courtnage	1960 - 1963
Charles Herbert	1960 - 1963
Karl Walter, Jr.	1960 - 1964
Joseph Fitzgerald	1964 - 1965
Maurice Chertkov	1965 - 1965
Harold Moats	1965 - 1966
T. Stanton Wilson	1966 - 1966
James R. Clouse, Jr.	1967 - 1971
Loren H. Lounsbury	1967 - 1971
John M. Stern, Jr.	1971 - 1973
James R. Hendershot	1971 - 1975
B. Richard Edwards	1974 - 1976
Gordon J. Zerbetz	1963 - 1981
Stuart C. Hall	1976 - 1983
Diana E. Snowden	1981 - 1985
Marvin R. Weatherly	1975 - 1987
Carolyn S. Guess	1975 - 1989
Louis E. Agi	1983 - 1989
Kathleen E. Whiteaker	1985 - 1990
Peter Sokolov	1987 - 1991
Don May	1990 - 1992
Susan M. Knowles	1975 - 1993
Mark A. Foster	1990 - 1993
Daniel Patrick O'Tierney	1989 - 1994
James E. Carter, Sr.	1992 - 1995
G. Nanette Thompson	1995 - 1996
Don Schröer	1991 - 1997
Alyce A. Hanley	1993 - 1999
Dwight D. Ornquist	1993 - 1999
Tim Cook	1994 - 1999
Sam Cotten	1995 - 1999
James M. Posey	1997 - 1999

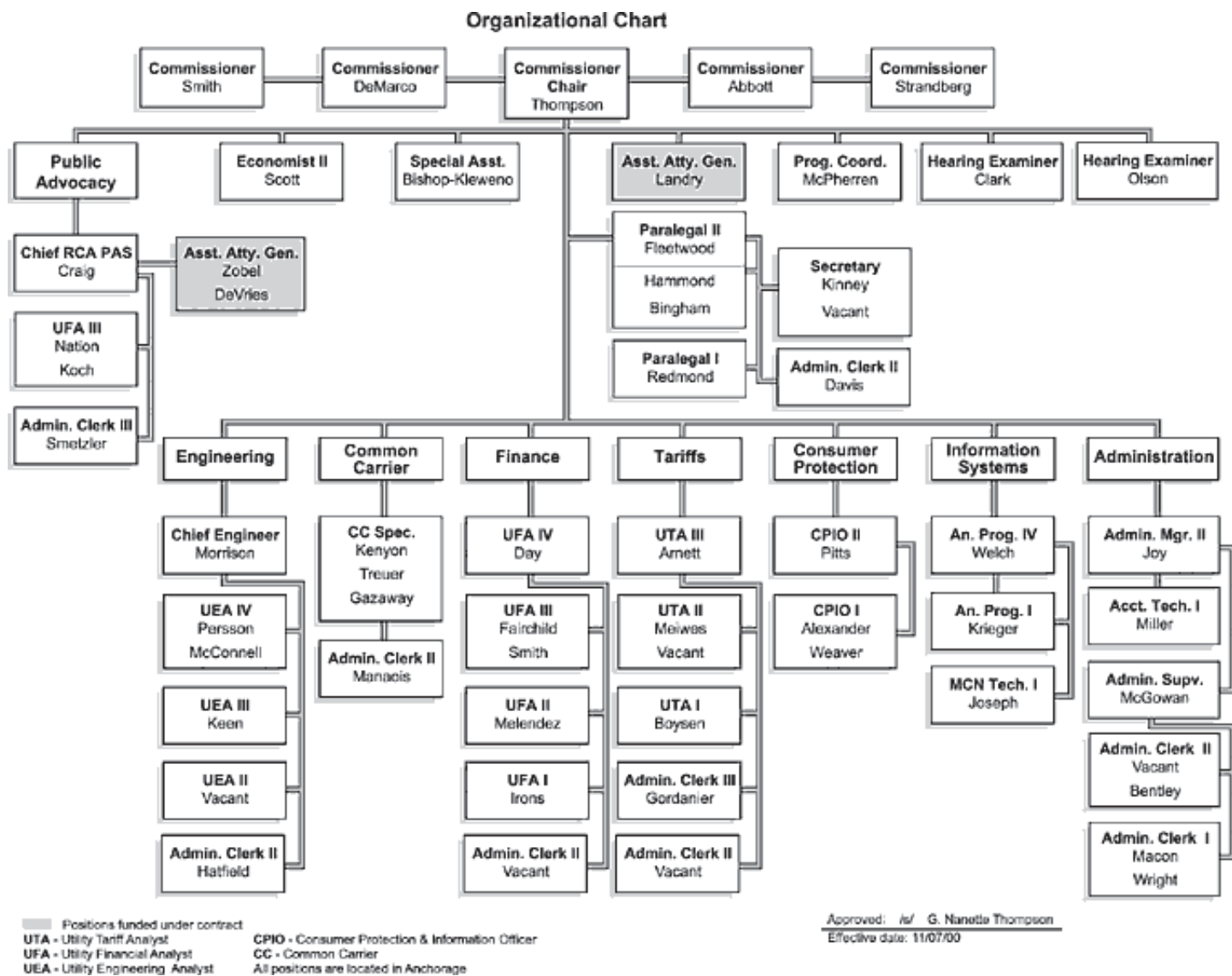


## RCA Roster (11/07/00)

Abbott, Will	Commissioner
Alexander, Tamara	Consumer Protection & Information Officer I
Arnett, Wendy	Utility Tariff Analyst III (Chief)
Bentley, Wanda	Administrative Clerk II
Bingham, Mary Margaret	Paralegal II
Bishop-Kleweno, Dawn	Special Assistant
Boysen, Robin	Utility Tariff Analyst I
Clark, Patricia	Hearing Examiner
Craig, Lew	Chief, Public Advocacy Section
Davis, Tannon	Administrative Clerk II
Day, Keith	Utility Financial Analyst IV (Chief)
DeMarco, Patricia	Commissioner
DeVries, Steve	Assistant Attorney General*
Fairchild, Janet	Utility Financial Analyst III
Fleetwood, Joni	Paralegal II
Gazaway, Richard	Common Carrier Specialist
Gordanier, Joy	Administrative Clerk III
Hammond, Anita	Paralegal II
Hatfield, Cristin	Administrative Clerk II
Irons, Darlene	Utility Financial Analyst I
Joseph, Vince	Micro Computer Network Technician I
Joy, Georgann	Administrative Manager II
Keen, James	Utility Engineer Analyst III
Kenyon, Lori	Common Carrier Specialist
Kinney, Sue	Secretary
Koch, Kate	Utility Financial Analyst III
Krieger, Christin	Analyst/Programmer I
Landry, Jeff	Assistant Attorney General*
Macon, Leteasha	Administrative Clerk I, Receptionist
Manaois, Corazon	Administrative Clerk II
McConnell, Tim	Utility Engineer Analyst IV
McGowan, Joyce	Administrative Supervisor
McPherren, Jeanne	Program Coordinator
Meiwes, Jennifer	Utility Tariff Analyst II
Melendez, Felix	Utility Financial Analyst II
Miller, Barb	Accounting Technician I
Morrison, Paul	Chief Engineer
Nation, Parker	Utility Financial Analyst III
Olson, Paul	Hearing Examiner
Persson, Brad	Utility Engineer Analyst IV
Pitts, Agnes	Consumer Protection & Information Officer (Chief)
Redmond, Rosemary	Paralegal I
Scott, Antony	Economist II
Smetzler, Serena	Administrative Clerk III
Smith, Bernie	Commissioner
Smith, Chris	Utility Financial Analyst III
Strandberg, Jim	Commissioner
Thompson, Nan	Commissioner (Chair)
Treuer, Phil	Common Carrier Specialist
Weaver, Rose	Consumer Protection & Information Officer I
Welch, Bert	Analyst/Programmer IV
Wright, Carolyn	Administrative Clerk I
Zobel, Ron	Assistant Attorney General*

\*Employee of the Department of Law contracted to the Commission.

## Organizational Chart



## Staff Responsibilities

The Commission staff is divided into seven sections: Administration, Engineering, Common Carrier, Consumer Protection, Finance, Tariffs, and Public Advocacy. The RCA employs 56 people with an FY00 operating budget of \$5,127,900. Administration

The Chair directs the administrative functions of the agency. She is responsible for fiscal and personnel administration, budget preparation, and records and document management. The Chair supervises staff and serves as a liaison between staff and Commissioners as well as between the Commission and the legislature. She is aided by a special assistant, an administrative manager, documents processing and accounting personnel, and other clerical support staff. The Commission's data processing functions are included in the administrative section.

### **Engineering**

This section is responsible for certification proceedings, investigations of utility and pipeline carrier procedures and practices affecting service quality. It also reviews legal descriptions for service areas, plans for plant expansion, plant-in-service schedules, and depreciation schedules. Engineering analyses are presented to the Commission for adjudication.

### **Common Carrier**

This section was established to develop, recommend, and administer policies concerning rates, services, accounting and facilities of communication common carriers within Alaska involving the use of wire, cable, radio, and satellites.

### **Consumer Protection**

This section investigates and resolves informal consumer complaints, and is responsible for public affairs and media relations as well as responding to information requests.

### **Finance**

This section analyzes financial statements submitted for rate cases. It audits financial records of utilities and pipeline carriers and examines historical operating year data and pro forma financial adjustments made by the utilities and pipeline carriers. Financial analyses are presented to the Commission at Tariff Action and adjudicatory meetings.

### **Tariff**

This section analyzes tariff filings and presents recommendations to the Commission at biweekly Tariff Action meetings. Administrative functions include organizing these tariff meetings as well as complying with all public notice requirements on tariff filings and maintaining current master tariffs for all utilities and pipeline carriers.

### **Public Advocacy**

This section was established in 1999 by the Legislature to operate independently from the Commission and represent the public interest. The Commission assigns cases to the Public Advocacy Section when a public interest perspective would clearly add to the full development of the record.

## RCA FY00 Overview

Since statehood in 1959, the Commission has worked with the hundreds of public utilities in Alaska with the same mission in mind:

- to ensure continued service,
- sound management, and
- fair rates for residents in all communities of the state.

In 1981, the agency's role was expanded to include oversight of pipeline carriers and pipelines when it merged with the Alaska Pipeline Commission. In 1999, the Legislature reorganized and renamed the agency the Regulatory Commission of Alaska.

Utility commissions were originally created to protect consumers, because most utility services are provided by monopolies. Today, Commissions are faced with the challenge of evaluating regulations and considering policy changes to encourage competition while protecting consumer interests. The Commission balances the need for utilities and pipeline carriers to show a profit for their investments and the public's right to receive quality service at a fair price. The Commission currently regulates the rates, services, practices, or facilities of 236 utilities and 20 pipeline carriers in Alaska. The Commission achieves this balance by issuing certificates of public convenience and necessity to qualified service providers. This certificate is a license to operate and details how the utility or pipeline carrier must conduct business. The Commission also establishes rates, terms, and conditions of service while overseeing the practices, services, and facilities of regulated utilities and pipeline carriers.

The Commission has specific jurisdiction over the operation of electric utilities, natural gas utilities, refuse (garbage) collection, sewer (wastewater) treatment, steam heat producers, telephone companies (local and in-state services), water utilities as well as oil and gas pipeline carriers.

The Commission also computes the power costs and resultant state assistance amounts for customers of electric utilities participating in the Power Cost Equalization (PCE) program.

The Commission carries out its regulatory responsibilities through several means. It conducts audits, investigations, public meetings, Tariff Action meetings, formal proceedings, informal meetings and conferences, and resolves consumer complaints by telephone, mail, meeting, or order.

The Commission also functions as a quasi-judicial body when rendering decisions in formal proceedings and as a quasi-legislative body when establishing and enforcing its regulations. Its proceedings and determinations are governed by the statutes and regulations of the state.

## **Funding**

In 1992, following the mandate of the legislature, the Commission enacted regulations allowing it to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates. This Regulatory Cost Charge (RCC) shows up as a surcharge on the monthly billing statements to consumers and shippers.

The legislature appropriated and the Governor approved a FY01 budget of \$5.12 million, funded entirely from the RCC. There are no unrestricted general funds in the FY00 appropriation.



Above, Network Technician Vince Joseph  
and Analyst Programmer Bert Welch



At right, Assistant Attorney General Jeff Landry

## Operating Budget FY00 (07/01/99 - 06/30/00)

	<b>FY99</b>	<b>FY00</b>	<b>Percent Change</b>
<b>Appropriations</b>			
Personal Services	\$2,839,900	\$3,287,000	
Travel	35,000	35,000	
Contractual	1,525,200	1,300,900	
Commodities	62,500	62,500	
Equipment	13,800	13,800	
<b>Totals</b>	<b>\$4,476,400</b>	<b>\$4,699,200</b>	<b>5.0%</b>
<b>Expenditures</b>			
Personal Services	\$2,616,802	\$2,989,089	
Travel	42,773	56,692	
Contractual	1,373,854	1,145,843	
Commodities	64,623	77,919	
Equipment	22,421	19,689	
<b>Totals</b>	<b>\$4,120,473</b>	<b>\$4,289,232</b>	<b>4.0%</b>
<b>Revenue receipts<sup>1</sup></b>			
<b>General fund PR</b>	<b>\$3,926,597<sup>2</sup></b>	<b>\$4,375,897<sup>2</sup></b>	
<b>Total revenues</b>	<b>\$3,926,597<sup>3</sup></b>	<b>\$4,375,897</b>	<b>11.0%</b>

<sup>1</sup>The Commission received revenues under various provisions of its statutes including copying and postage charges (AS 42.05.201) and cost allocations in proceedings (AS 42.05.651/AS 42.06.610).

<sup>2</sup> Fourth quarter revenue is recognized as of June, but paid during July.

<sup>3</sup> Reporting did not include transfer of \$332,478.63 on 8/20/99 and \$12,171.32 on 11/9/99.



## Regulation and Economic Development

The Regulatory Commission of Alaska (RCA) supports economic development by providing reliable utility services at affordable rates.

The Commission has three tools within its jurisdiction for economic development:

### **1. Certification Proceedings**

The Commission issues Certificates of Public Convenience and Necessity to qualified applicants to provide utility or pipeline services. Review of applications assures that the operator has the financial, technical and management capability to meet present and future demand for services. Reliable and efficient utility and pipeline services increase the likelihood of development in an area.

### **2. Rate Regulation**

The Commission regulates pipelines and utilities to assure reasonable and just rates to the consumer with fair rates of return to the utilities. In the coming year, the RCA will review at least eight major rate cases and analyze the conditions necessary for restructuring the electricity industry. The Commission also has the jurisdiction to approve economic development incentive rates which will enhance economic development in specific areas.

### **3. Comparative Information**

The Consumer Protection and Information Section provides information to consumers about comparative utility services and rates based on filed tariffs.

Encouraging rural economic development requires innovative solutions. One of the keys to this development is the improvement of infrastructure to offer advanced telecommunications and energy services in rural areas. Better delivery systems mean a lower cost of power and phone service. Once these communities have been linked to the "communications superhighway," there will be more local opportunities for economic interaction in the global marketplace.

Fiscal Year 2001 Plan

**Pipeline**

The Commission will continue to resolve pending disputes over pipeline tariff rates. We will also begin working on issues relating to the inevitable construction of a natural gas pipeline from the North Slope.

**Electricity**

The Commission will continue to review and approve electric rates charged by regulated electric utilities statewide. We will also support the legislature's consideration of industry restructuring.

**Refuse**

The Commission will continue to monitor refuse service statewide and allow competition when it is in the public interest.

**Natural Gas**

The Commission will continue to review applications to expand the areas of the state where natural gas is available for heat.

**Water and Sewer**

The Commission will continue to coordinate with state and federal agencies to implement the standards of the federal Clean Water Act.

**Telecommunications**

The Commission will continue to fulfill the directives of the 1996 Telecommunications Act to allow competition to bring choices to telecommunications consumers. The Commission is also encouraging the improvement of the network to allow the delivery of affordable high-speed services statewide. Another important issue for the Commission will be to encourage the availability of services to remote, underserved areas.



Common Carrier Specialist Phil Treuer; Administrative Clerk Corazon Manaois and Common Carrier Specialists Lorraine Kenyon and Richard Gazaway



Administrative Manager Georgann Joy and Administrative Clerk Leteasha Macon

## FY00 Significant Events

**Y2K****Investigation to Examine the Preparedness of all Utilities**

In May 1998, we opened a formal proceeding to investigate the preparedness of certificated utilities and pipelines for computer-related problems that could occur as the result of Y2K, the digital change from 1999 to 2000 in computer systems. We were concerned that the Y2K issue might adversely effect the financial control, customer and shipper service, billing, and load forecasting systems as well as any potential to affect the ability of the utilities and pipeline carriers to provide utility services.

All certificated public utilities and pipeline carriers were required to respond to questions developed to obtain information, identify utility contacts, and facilitate the exchange of information to assist in addressing Y2K issues. We issued surveys and retained a consultant to assist with collecting the information. It also required the utilities to provide reports to their customers regarding their preparations for Y2K and the appropriate mechanisms for contacting the company in case of problems.

We also participated with the State of Alaska, Office of Emergency Preparedness and Disaster Policy cabinet in six workshops held in communities around the state. These workshops included reports from the local area utilities and community officials regarding interagency coordination and response preparations. They also included tabletop drills of potential emergency situation assessment and response. We expended \$7,664.96 of the \$35,000 budgeted for this process.

There were few reported Y2K disruptions and the only problems reported were in billing software. (R-98-2)

**Regulatory Cost Charge (RCC)  
Calculation**

Under the revised legislative mandate in AS 42.05.254(i), we were required to establish a method to determine the maximum percentage of adjusted gross revenue applicable to each regulated public utility sector based on the amount of Commission costs allocable to each sector. In compliance with that mandate, we implemented an interim labor-tracking program that was used to allocate Commission costs to the industry sectors in computing regulatory cost charge rates for the fiscal year ending 2001. (U-00-107/P-00-17)

**Telecommunications Service****Local Competition - Expanded local telephone competition came closer to reality in FY00.****Rural Exemption**

The Telecommunications Act of 1996 granted temporary exemptions to existing, rural, telephone companies (also known as incumbent local exchange carriers or ILECs) from the requirement to open up their local networks to certain types of competitive resale. These "rural exemptions" can only be terminated by the Commission or the Federal Communications Commission (FCC) based upon consideration of economic burden, technical feasibility, and continuation of Universal Service. In October 1999, we found that the rural exemptions for the three companies serving the Fairbanks and Juneau areas (ACS-F, ACS-N, and ACS-A or "ACS affiliates") should be terminated. This allowed other providers to begin negotiating with the ACS affiliates for interconnection and the resale of local services. (U-97-82/U-97-143/U-97-144)

**Arbitration**

In non-rural service areas as well as areas where the rural exemption has been terminated, competitive local providers must negotiate with the existing incumbent before providing competitive local service. If the negotiations fail to yield progress, the Telecommunications Act of 1996 provides for either party to the negotiation to petition for compulsory arbitration. Three such arbitrations were underway in FY00.

## FY00 Significant Events

1. GCI arbitration with Fairbanks and Juneau ILECs (U-99-141/U-99-142/U-99-143)
  2. Alaska Fiber Star arbitration with Fairbanks and Juneau ILECs (U-00-45/U-00-46/U-00-47)
  3. Alaska Fiber Star arbitration with Anchorage ILEC (U-00-35)
- Completion of all three arbitrations is expected by early FY01.

### **Universal Service**

Establishment and Initial Year of Service The Alaska Universal Service Fund was established in 1999 to "promote the efficiency, availability and affordability of universal telephone service". The bulk of the fund provides support for the switching plant of some local telephone companies. Additionally the fund, in conjunction with a corresponding federal program, lowers the basic monthly rates of low-income customers (Lifeline Program). Investigation of Modifications to Program In FY00, we continued to review this program with an eye to improving service to target communities. Suggested improvements included support on rate affordability rather than switching plant costs as well as providing support for public interest pay telephones and subsidizing rural long distance service. FCC Announcement of Enhanced Lifeline Program In June 2000, the FCC announced a modification of its Federal Lifeline Program that would provide additional support to low-income customers on Native Lands. This new program will allow qualified individuals to get service for as little as \$1.00 per month.

### **Advanced Services**

#### **Creation of Joint Conference on Advanced Services**

In October 1999, the FCC established a panel composed of FCC and state commissioners (Joint Conference) to facilitate the widespread deployment of, and access to, advanced telecommunications services, as required by the Telecommunications Act of 1996.

### **Alaska Membership**

RCA Chair Thompson was selected to serve as one of the five state members of this Joint Conference. In addition, she serves as the Chair of the state member panel of the Joint Conference.

### **Co-Hosted Western Regional Field Hearing**

Between April and June of 2000, the Joint Conference held five regional hearings throughout the United States to collect data and permit public input on the deployment of advanced services. Alaska and Washington state were selected to host the Western Regional Field Hearing. The Western Region hearings were held in Kotzebue, Noatak, Sitka, Kake, Anchorage, and Tacoma, Washington.

### **Future Efforts**

Joint Conference efforts in FY01 will include continued data collection, expansion of its web page ([www.fcc.gov/jointconference](http://www.fcc.gov/jointconference)), and identification of best practices of advanced services deployment.

### **Mergers and Acquisitions**

On September 13, 1999, we received an application to transfer the assets of GTE Alaska, Inc. (GTE) to ATEAC Incorporated (ATEAC). GTE provides local exchange service to thirteen communities: Barrow, Bethel, Haines, Hyder, Klukwan, McGrath, Metlakatla, Moose Pass, Nome, Petersburg, Seward, Unalakleet, and Wrangell. ATEAC is owned by several Alaskan corporations:

1. Alaska Power & Telephone Company,
2. Arctic Slope Telephone Association Cooperative, Inc.,
3. Telalaska, Incorporated d/b/a Mukluk Telephone Company, Inc. and Interior Telephone Company, and; United Companies.

## FY00 Significant Events

Each corporate shareholder owns 25 percent of ATEAC and currently provides telecommunications service in Alaska. Applications to subsequently transfer the GTE assets from ATEAC to its owner companies were also filed with the Commission. We named the newly-formed Public Advocacy Section acted as a party to these proceedings, held hearings, and on July 11, 2000, accepted a stipulation between the parties, and conditionally approved the transfer of assets from GTE to ATEAC, and the transfers from ATEAC to its parent companies. (U-99-107/U-99-119/U-99-120/U-99-121/U-99-122/U-99-123)

### **Electric Service Commission Dismisses PURPA Complaint**

Citing lack of statutory authority, we dismissed the formal complaint by Frank J. Bettine and Alaska Cogeneration Systems, Inc., collectively referred to as ACSI, against Copper Valley Electric Association, Inc. (CVEA). ACSI's complaint alleged that CVEA failed to provide avoided-cost information and CVEA also violated the Public Utility Regulatory Policies Act (PURPA). ACSI sought to sell power to CVEA as a PURPA designated Qualifying Facility from a plant located within CVEA's service area. ACSI's complaint was originally filed on December 14, 1993. CVEA is an electric cooperative that conducted a deregulation election exempting it from the Commission's jurisdiction effective November 17, 1998. We determined that CVEA was exempt from economic regulation and did not have the authority to adjudicate the complaint. (U-94-21/U-95-3)

### **ML&P Applies to Serve Additional Military Base Customer**

The Municipality of Anchorage d/b/a Municipal Light & Power (ML&P) filed an application to expand its service area to serve a Fish Hatchery (Hatchery) owned and operated by the State of Alaska, Department of Fish & Game. The Hatchery is located on land within the boundaries of Fort Richardson Army Post. In response to the public notice, Chugach Electric Association, Inc. (Chugach) filed comments and a notice of intent to file a competing application to serve the Hatchery. In its comments, Chugach asked the Commission to preserve opportunities for competition in the retail electric market for customers in uncertificated areas by placing conditions on the certificate of public convenience and necessity amendment, if granted. Chugach requested that the Commission indicate in its order that

1. ML&P did not have an exclusive right to serve the Hatchery, and no other utility would be barred from competing for that service at any time in the future, provided that it takes whatever steps are necessary to secure authorization of service;
2. In the future, if the Hatchery selects a utility other than ML&P, ML&P must permit such competing utility to use its facilities on a fairly compensated, open access basis; and
3. ML&P must establish a cost-based rate for providing unbundled distribution and transmission service to customers outside of its service area.

In its response to Chugach's comments, ML&P urged the Commission not to allow Chugach to exploit this routine, unrelated, adjudicatory docket to persuade the Commission to begin implementing retail competition in the electric industry. ML&P indicated there are other forums to address electric utility restructuring and retail competition (the House Utility Restructuring Committee and docket R-97-10). ML&P stated it believes the only issue before the Commission in this docket is whether the public convenience and necessity requires service to the Hatchery and whether ML&P is fit, willing and able to provide that service. As of June 30, 2000, we were waiting for Chugach to file its competing application. (U-00-79)

FY00 Significant Events

**Natural Gas Service  
Mergers and Acquisitions**

On July 30, 1999, we received a joint application for the transfer of controlling interests in Enstar Natural Gas Company (ENSTAR) and its subsidiary, Alaska Pipeline Company (jointly ENSTAR), from Ocean Energy Incorporated to Semco Energy Incorporated. ENSTAR provides natural gas service to residential and commercial customers in the following areas: Anchorage, Big Lake, Bird Creek, Chugiak-Eagle River, Eklutna, Girdwood, Houston, Indian, Kenai, Knik, Nikiski, Palmer, Peters Creek, Portage, Sterling, Soldotna, Wasilla, and Whittier.

On October 19, 1999, we granted approval of the transfer with conditions. ENSTAR was ordered to submit a revenue requirement and cost-of-service study and it was restrained from recovering any acquisition adjustment cost through rate increases unless a good cause showing was approved by the Commission. (U-99-93/U-99-94)

**Refuse Service  
Investigation to Consolidate Refuse Certificates**

We opened an investigation to consider consolidating all of the refuse utilities owned by Waste Management of Alaska, Inc., a wholly-owned subsidiary of Waste Management, Inc. (UWA/WMI), under a single certificate and tariff. We required UWA/WMI to file consolidated rate studies and a Cost Allocation Manual for all its subsidiaries. Our order noted that over the past two years UWA/WMI has acquired 13 refuse utilities in Alaska. Subsequent to the order, UWA/WMI filed an application to merge its regulated refuse public utility operations in Alaska under a single certificate and to change its name to Waste Management of Alaska Inc. (U-00-30)

**Pipelines  
Trans Alaska Pipeline System (TAPS)**

We accepted a settlement between the State of Alaska and the TAPS Carriers concerning litigation and settlement costs in connection with the grounding of the Exxon Valdez. Under the settlement those litigation and settlement costs, which had been collected through rates, were refunded to intrastate shippers. (P-94-1)

We moved forward in its investigation of TAPS rates for 1997, 1998, 1999, and 2000, which was begun at the request of Tesoro Alaska Petroleum Company. We granted Tesoro's motion for summary disposition in the proceeding and found that the TAPS Carriers had not proven that their 1997 and 1998 rates were just and reasonable. The Commission gave the TAPS Carriers an opportunity to file a new case supporting their 1997-2000 rates. A hearing in this matter will be held in spring 2001. (P-97-4)

We also dealt with the most extensive ownership changes in TAPS since its inception. Exxon Corporation's share of TAPS was transferred to ExxonMobil Corporation, the company that emerged from the consolidation of Exxon Corporation and Mobil Corporation. The Williams Companies bought most of Mobil Corporation's share of TAPS, while the remaining portion of Mobil's share was transferred to ExxonMobil Corporation. Phillips Petroleum Company bought Atlantic Richfield Company's share of TAPS. In all, 46% of TAPS underwent ownership changes. (P-00-4/P-00-7/P-00-8/P-00-12)

**North Slope Pipelines**

We granted certificates of public convenience and necessity for construction and operation of the oil pipeline and gas pipeline that will serve the Northstar production unit, an oil field offshore in the Beaufort Sea. The oil pipeline which will connect to TAPS is expected to handle 65,000 barrels of oil per day at the peak of field production. (P-98-7/P-98-8)



## FY00 Significant Events

We are also conducting an investigation into the filed rate of the Alpine Pipeline. The Alpine Pipeline will transport oil from the Alpine field to the Kuparuk Pipeline. The State of Alaska has protested the rate filed by Alpine Pipeline. (P-00-15)

We also dealt with changes in ownership in the Kuparuk Pipeline, the Oliktok Pipeline, and the Alpine Pipeline. Phillips Petroleum Company acquired Altantic Richfield Company's entire interest in each of these pipelines as part of its acquisition of all the Alaska assets of Altantic Richfield Company. Phillips now owns 100 percent of the Oliktok Pipeline, 57 percent of the Kuparuk Pipeline, and 78 percent of the Alpine Pipeline. (P-00-10/P-00-11/P-00-14)

### **Cook Inlet Pipelines**

We are currently conducting an investigation into the intrastate rate for the transportation of oil over Cook Inlet Pipe Line Company's oil pipeline. That pipeline transports petroleum from Granite Point to Drift River on the west side of Cook Inlet. The State of Alaska has protested the rate charged by Cook Inlet Pipe Line Company. A hearing is set for fall 2001. (P-92-5/P-95-4)



Utility Financial Analysts Keith Day, Felix Melendez,  
Darlene Irons, Janet Fairchild and Chris Smith

## Fully Regulated Utilities Financial Data (in dollars)

<b>NET PLANT</b>	<b>1996</b>	<b>1997</b>	<b>1998<sup>2</sup></b>	<b>1999</b>
Cable TV <sup>1</sup>	Not Reported	Not Reported	\$6,751,000	\$6,232,000
Electric	\$1,241,813,627	\$1,242,009,668	1,233,579,201	1,307,506,511
Gas	167,551,986	175,911,880	179,757,326	180,458,522
Refuse	9,376,672	5,917,998	6,638,960	5,998,254
Steam Heat	Not Reported	Not Reported	Not Reported	1,776,628
Telephone <sup>3</sup>	1,045,897,056	567,861,977	417,024,290	660,653,316
Water	112,430,180	105,282,243	153,698,530	162,073,055
Wastewater	80,780,311	71,855,340	97,823,582	103,568,947
<b>Total Net Plant</b>	<b>\$2,657,849,832</b>	<b>\$2,168,839,106</b>	<b>\$2,095,272,889</b>	<b>\$2,428,267,233</b>

<b>GROSS REVENUE</b>	<b>1996</b>	<b>1997</b>	<b>1998<sup>2</sup></b>	<b>1999</b>
Cable TV <sup>1</sup>	Not Reported	Not Reported	\$5,372,000	\$5,811,000
Electric	\$489,229,828	\$494,552,901	504,513,606	513,714,260
Gas	99,606,093	103,593,238	100,865,752	110,451,278
Refuse	25,492,105	27,406,533	26,633,726	20,292,002
Steam Heat	Not Reported	Not Reported	Not Reported	1,414,788
Telephone <sup>3</sup>	706,224,262	364,155,676	235,846,988	142,796,701
Water	29,566,927	28,065,048	35,647,884	35,503,989
Wastewater	24,969,771	23,261,062	31,473,874	32,343,760
<b>Total Gross Rev.</b>	<b>\$1,375,088,986</b>	<b>\$1,041,034,458</b>	<b>\$940,353,830</b>	<b>\$862,327,778</b>

<b>NET INCOME</b>	<b>1996</b>	<b>1997</b>	<b>1998<sup>2</sup></b>	<b>1999</b>
Cable TV <sup>1</sup>	Not Reported	Not Reported	\$784,000	\$972,000
Electric	\$41,391,624	\$34,172,311	41,455,886	42,773,482
Gas	13,246,267	15,225,745	15,710,652	18,010,521
Refuse	(1,062,177)	342,787	2,817,821	3,885,765
Steam Heat	Not Reported	Not Reported	Not Reported	(2,796,173)
Telephone <sup>3</sup>	62,248,350	39,852,785	24,105,402	12,090,083
Water	3,704,882	3,770,571	6,224,657	208,994
Wastewater	3,113,533	3,312,073	4,067,810	5,016,028
<b>Total Net Income</b>	<b>\$122,642,479</b>	<b>\$96,676,272</b>	<b>\$95,166,228</b>	<b>\$80,160,700</b>

<b>CUSTOMERS</b>	<b>1996</b>	<b>1997</b>	<b>1998<sup>2</sup></b>	<b>1999</b>
Cable TV <sup>1</sup>	Not Reported	Not Reported	9,420	7,822
Electric	214,087	214,522	218,621	225,821
Gas	94,000	94,000	98,220	99,285
Refuse	47,407	49,904	52,116	50,359
Steam Heat	Not Reported	Not Reported	Not Reported	124
Telephone <sup>3</sup>	390,438	140,293	222,221	118,660
Water	50,373	49,584	58,212	60,586
Wastewater	46,212	48,782	57,364	62,949
<b>Total Customers</b>	<b>842,517</b>	<b>597,085</b>	<b>716,174</b>	<b>625,606</b>

<sup>1</sup> Cable television utilities are not regulated by the Commission as to rates and services with the exception of GCI Cable/Juneau, Inc., which is rate regulated for basic tier channels.

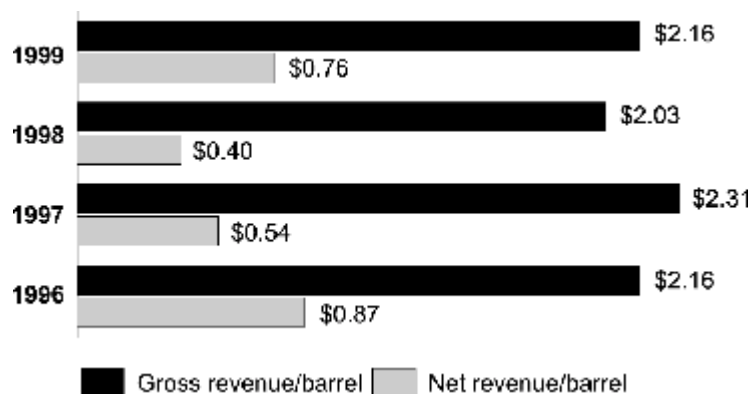
<sup>2</sup> 1998 totals incorrectly reported in 1999 annual report.

<sup>3</sup> 1998 amounts include Local Exchange Carriers only. Excludes wholesale customers of intrastate interexchange carriers in order to prevent double-counting and telephone utilities that filed with the Commission as confidential.

## Oil Pipeline Carrier Financial Data

<b>Carrier Property</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Gross	\$10,452,246,680	10,870,626,467	11,143,942,613	11,167,509,117
Net	\$4,544,148,052	4,520,270,591	4,409,150,310	4,202,504,850
<b>Revenue</b>				
Gross	\$1,481,460,569	1,476,996,502	1,395,820,949	1,440,629,200
Net	\$593,844,066	347,415,918	274,463,173	504,581,438
<b>Throughput</b> (barrels)	684,494,293	638,076,891	686,390,088	668,104,686
<b>Gross revenue</b> (per barrel)	\$2.16	2.31	2.03	2.16
<b>Net revenue</b> (per barrel)	\$0.87	0.54	0.40	0.76

**Figure 1**  
**Total Revenue Per Barrel of Oil**



## Consumer Protection

Utility customers with complaints have the right to seek relief from the Regulatory Commission of Alaska (RCA).

While the Commission urges the public to attempt to resolve problems directly with their utility first, customers who cannot resolve the matter may file an informal complaint with the Consumer Protection staff of the RCA by letter, phone or in person.

RCA staff will then contact the utility to determine its position. Staff will review the complaint, the utility's tariff, Commission orders and applicable statutes and regulations to determine the validity of the complaint. Thereafter an appropriate course of action will be established. Staff can, for example, require the utility or pipeline carrier to conform to the standards spelled out in the applicable tariff. If the consumer is not satisfied with staff's decision, a formal complaint may be filed directly with the RCA through the appeal process. Investigating and resolving complaints has become a vital element in the Commission's public protection role. Following are some examples of complaints handled by the staff in FY00.

### **Water**

An Anchorage couple wrote to the RCA on July 2, 1999 complaining that the water utility had over billed them since 1987, when they acquired a multiple family dwelling. The consumers explained that they questioned the high usage at one time, but neither they nor the utility pursued the matter further. Then, in September of 1996, the couple's water meter stopped working. For the next several months the water utility tracked the consumption at the location to determine an average monthly usage. The result was that the utility discovered and acknowledged that the old meter had malfunctioned and over registered. The refund for six months of over billing was approximately \$1,600. When the couple asked for reimbursements for the previous ten years of over billing, the utility cited its tariff that limited adjustments for meter errors to six months and referred them to the Commission for resolution of the complaint.

Staff requested information from the utility to assist with its investigation of the complaint. Staff wanted to know how and when the meter problem was discovered, how long the meter had been in service, if the utility tested the meter, and what was determined by the test? Additionally, Staff wanted to know the historical usage at the location and if the old meter had been taken out of service, or was back in use.

Staff reviewed the information the utility provided and the utility's tariff. Staff also interviewed utility personnel and the customers. The utility and the customers did not agree on the sequence of events regarding the time the customers first questioned the high usage. Staff resolved the matter by holding both parties jointly responsible and order compensation for over billing back to a compromise year of 1990.

Staff also discovered that the tariff rule cited by the utility had been inadvertently included in a tariff rewrite without being identified as a change to the rule. Staff concluded that the old tariff rule, which was more favorable to the customer, should apply. Staff requested that the utility calculate the over billing with interest from October 1990 to October 1996 when the meter was replaced. Both parties were informed of their right to appeal staff's determination; neither did so. The refund adjustment was calculated at \$25,422.72, including interest. This was the highest refund ever awarded directly to a consumer as the result of an informal complaint. The utility issued a check to the customers in November 1999.

### **Electric**

On October 12, 1999, an elderly consumer in Anchorage complained that her electric service had been disconnected. The utility disconnected the service because the bill had not been paid in over eight months. The 82 year-old customer lived alone on a fixed income and had no friends or family nearby. She needed electricity to operate her oxygen tank. When the consumer called she had no money to make a payment and only a two-hour reserve of oxygen. According to the Electric Service and Safety Standards, the utility had given the customer adequate notification that it intended to disconnect service. It had allowed the customer to enter into a deferred payment arrangement and had extended the payment arrangement by 30 days, the additional time given to customers who are elderly, seriously ill, handicapped, or on life support. Finally, the utility had given a final notice by leaving a door hanger at

## Consumer Protection

the customer's home at least 48 hours before it intended to disconnect service.

Staff contacted the utility to verify the status of the account. The information the utility provided confirmed that the account was seriously delinquent. The customer had not kept the last payment arrangement and a previous payment made by check was returned for non-sufficient funds. Under the current rules the utility was not obligated to continue service without payment. Staff asked the customer for permission to contact various charitable organizations and the Office of the Long Term Care Ombudsman (LTCOMB) on her behalf. The customer agreed to allow Staff to help in every way possible.

Staff was able to get a pledge from Municipality of Anchorage, Safe City (MOA) a program designed to give financial and other assistance to low-income families in crisis. LTCOMB requested that Adult Protective Service follow-up with the customer because of the customer's medical needs. The utility accepted the pledge for a partial payment from MOA and reconnected the customer's power. The utility decided that it did not want to be "right" regarding its position with this customer, under the circumstances. The matter was resolved and the file was closed.

### Telephone

On March 23, 2000, the Consumer Protection Section received two complaints from Thorne Bay. The Village Public Safety Officer (VPSO) filed one complaint regarding calls to the 911 call center. The other was filed by the a local consumer. Both complaints concerned harassing calls to the customer from an unknown source over a period of time. Caller ID was not available in the community. The customer contacted the utility, which referred her to the State Troopers. According to the utility, she needed to file a report with the State Troopers before a "call trap" or "call trace" could be installed on the customer's telephone line. The State Troopers referred her to the VPSO who was supposed to assign a case number and have the customer complete the Annoyance Call Monitor Authorization Form. The VPSO did not assign a case number and did not provide completed paper-work work to the utility, which created a delay in setting up the call trace. However, within one week of the written complaints, the utility had received all necessary information and had the call trace in place. The utility informed the customer and the VPSO that the call trace had been set up.

The second complaint involved the Emergency 911 Call Center. An individual unknown was reporting false alarms. The utility was not able to resolve this problem because the calls were not being placed locally. They were coming in over the long distance network. The calls, directed to a radio paging system assigned a local seven-digit number, could be dialed like any other local number. The utility informed the customer and the VPSO that Caller ID was not available in Thorne Bay but it would advertise the custom feature if it became available in the future. The customer wrote that she was satisfied with the utility's response and the file was closed on April 25, 2000.



Chief Consumer Protection and Information  
Officer Agnes Pitts



Consumer Protection and Information Officers  
Rose Weaver and Tammy Alexander

## Informal Complaints

Utility customers and pipeline shippers with complaints have the right to seek relief from the Commission. If the Commission determines the complaint results from a violation of a tariff, it can force the utility or pipeline carrier to conform to the standards spelled out in the tariff.

Investigating and resolving complaints has become a vital part of the Commission's public protection role. In FY00, the Commission received 590 new complaints and resolved 605 cases, both old and new.

**Figure 2**  
**Informal complaints by category**

	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Billing practices	336	300	309	240
Rates and charges	47	53	11	7
Quality of service	148	263	246	254
Service availability and line extensions	44	90	227	89
<b>Totals</b>	<b>575</b>	<b>706</b>	<b>793</b>	<b>590</b>
<b>FY percent change</b>	<b>+58%</b>	<b>+23%</b>	<b>+13%</b>	<b>-26%</b>



Administrative Clerk Serena Smetzler



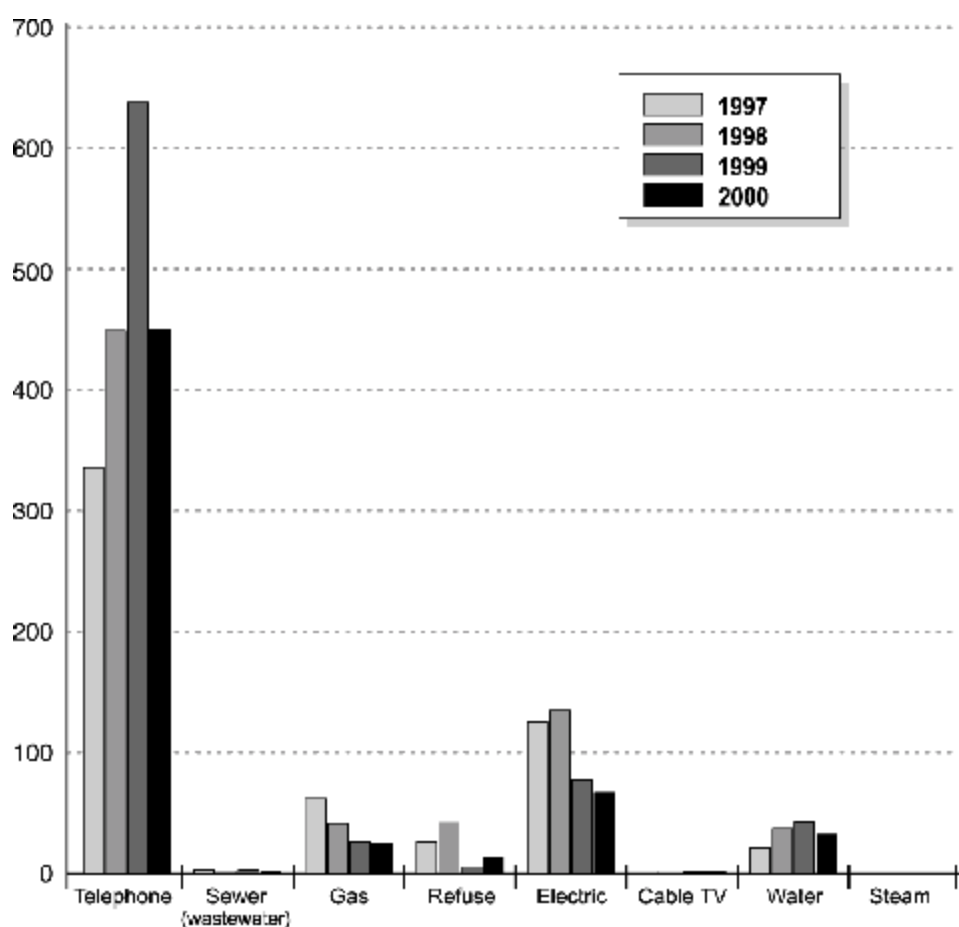
## Informal Complaints

As Figure 3 demonstrates, electric and telephone utilities continue to generate the majority of informal complaints. This is to be expected because these utilities account for the greatest number of customers, the largest plant investment and the most frequent regulatory activities.

During FY00, the Consumer Protection Section processed 450 telephone complaints. Of these

- 219 concerned quality of service,
- 149 concerned billing practices,
- 78 concerned service availability and line extensions, and
- 4 concerned rates and charges.

**Figure 3**  
**Informal complaints by entity type**



## Informal Complaints

The number of telephone contacts and personal conferences handled by the Consumer Protection and Public Information Section over the past four years is shown in Figure 4.

**Figure 4**  
**Consumer protection/public information contact summary**

<b>Category</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Telephone contact (includes incoming & outgoing calls)	8,852	9,908	11,198	9,400
Conferences	461	397	298	383

Informal complaint activity by the Consumer Protection and Public Information Section over the past four years is summarized in Figure 5.

**Figure 5**  
**Informal complaint activity**

<b>File Activity</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Pending complaints (beginning of year)	31	5	47	22
New complaints received	575	706	793	590
Complaints resolved	583	664	818	605
Pending complaints (end of year)	5	47	22	7

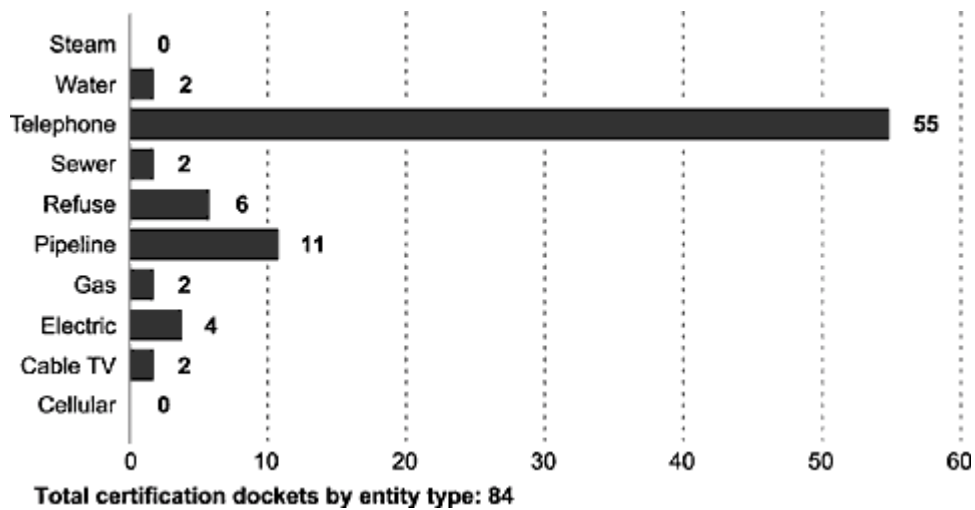
The vast majority of complaints are resolved informally. However, there are procedures for instituting a formal complaint if an informal complaint can not be resolved. If a formal complaint is accepted by the Commission for adjudication, it is assigned a docket number and an investigation is instituted into the issues raised in the complaint. In FY00, three informal complaints appealed staff's decision and were docketed for adjudication.

## Certification Proceedings

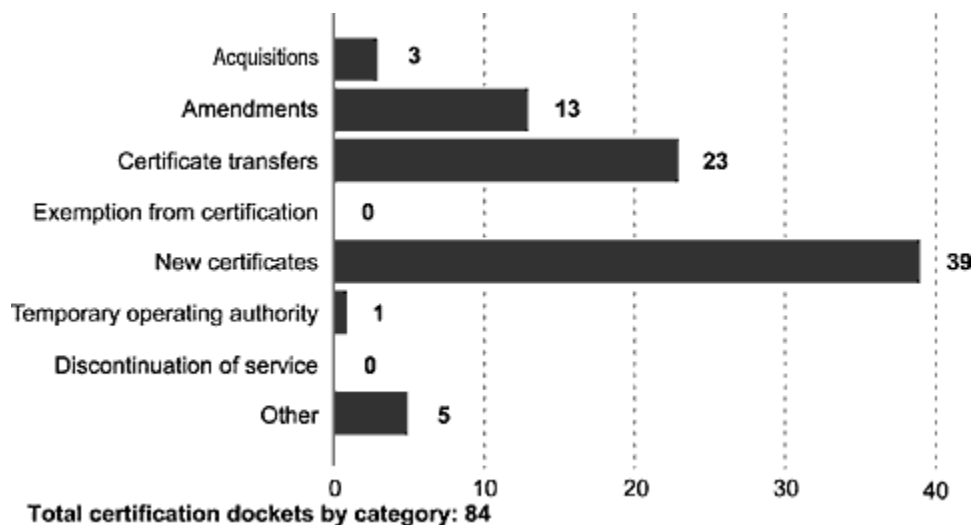
A Certificate of Public Convenience and Necessity must be obtained by every utility (with limited exceptions) and pipeline carrier proposing to provide service to the public for compensation. Additionally, the Commission must approve all amendments to, or transfers of, certificates, as well as acquisitions of controlling interest in certificate holders.

The criteria for issuing certificates are prescribed by law. The service must be required for the public convenience and necessity, and the applicant must be fit, willing and able to provide the service. During FY00 the Commission processed 84 applications for certificates, depicted by entity and category in Figures 6 and 7.

**Figure 6**  
**FY00 Certification dockets by entity type**



**Figure 7**  
**FY00 Certification dockets by category**



## Certification Proceedings

Most small electric utilities in the Power Cost Equalization Program (PCE) applied for certificates prior to FY89. Several of these applications are still pending approval because of incomplete financial information or system safety considerations.

**Figure 8**  
**FY 97-FY00 Certification proceedings**

<b>ENTITY TYPE</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Cable TV	1	0	0	2
Electric	9	4	3	4
Refuse (garbage)	2	11	9	6
Gas	4	0	2	2
Pipeline	0	3	6	11
Sewer (wastewater)	4	3	1	2
Telecommunications	32	66	61	55
Water	6	11	5	2
Steam	1	1	0	0
<b>Totals</b>	<b>59</b>	<b>99</b>	<b>87</b>	<b>84</b>

<b>Category</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Temporary operating authority	0	0	3	1
New certificates	31	63	50	39
Amendments	13	13	9	13
Certificate transfers	7	9	9	23
Acquisitions	8	10	7	3
Exemption from certification	0	1	0	0
Discontinuation of service	0	1	1	0
Other	0	2	8	5
<b>Totals</b>	<b>59</b>	<b>99</b>	<b>87</b>	<b>84</b>

## Orders

The Commission issued 600 decisions during the last fiscal year. These are categorized into two groups: substantive and procedural. Substantive orders reflect findings based on evidence included in the formal record of the Commission. Procedural orders relate to the process and schedule used to handle a case. Figure 9 shows the orders issued by category for the last four years. Figure 10 shows the substantive and procedural orders issued by utility type during FY00.

**Figure 9**  
**FY97-FY00 Orders issued**

<b>Orders</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Substantive	317	412	509	566
Procedural	65	27	144	34
<b>Totals</b>	<b>382</b>	<b>462</b>	<b>653</b>	<b>600</b>

**Figure 10**  
**Total orders by entity type, substantive and procedural FY00**

Total number of orders issued = 600

<b>Utility Type</b>	<b>Substantive</b>	<b>Procedural</b>
Telephone	270	16
Gas	5	0
Electric	119	7
Refuse (garbage)	38	0
Sewer (wastewater)	2	0
Water	25	0
Pipeline	52	6
Cable TV	3	0
Cellular	1	0
Generic <sup>1</sup>	51	5
<b>Totals</b>	<b>566</b>	<b>34</b>

<sup>1</sup> Generic count consists of Regulatory Dockets and Dockets which involved more than one type of entity.

## Tariff Revisions

Tariffs are the written terms, conditions, rules and rates governing a utility's conduct in providing public service. They are similar to the bylaws of a corporation. In approving a Certificate of Public Convenience and Necessity, the Commission also reviews the tariff of the applicant. All regulated utilities and pipeline carriers are required to maintain a tariff and to operate under the terms of the tariff.

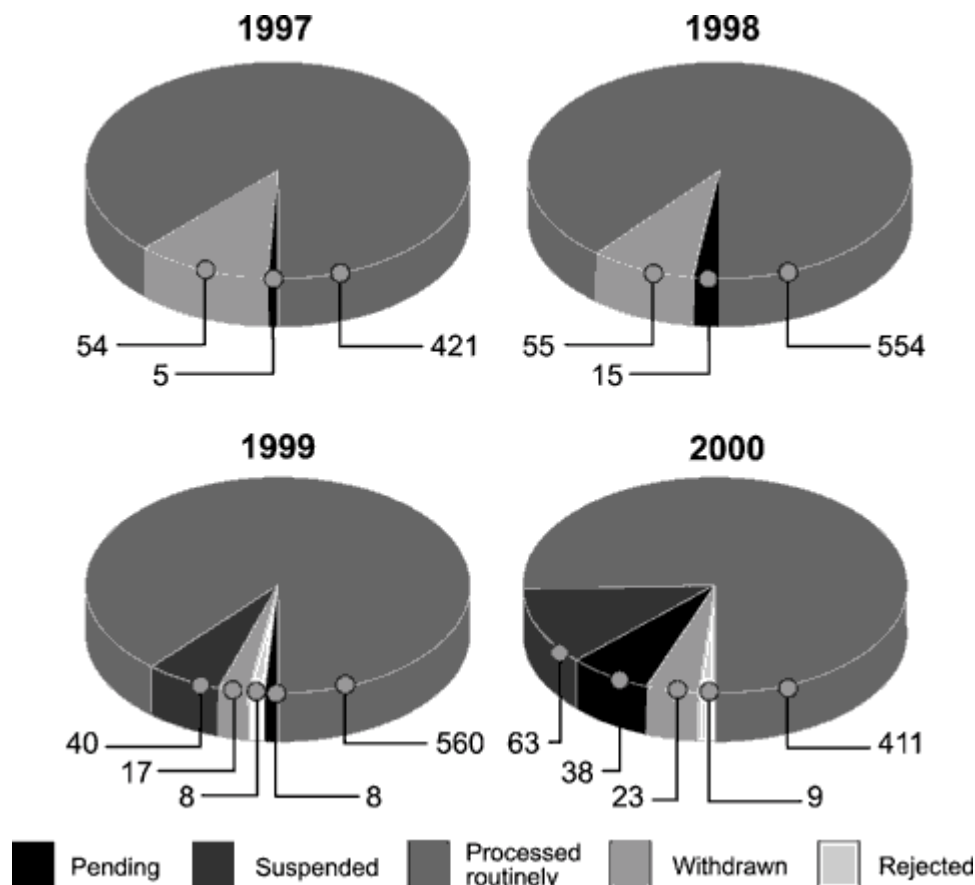
Regulated utilities and pipeline carriers must notify the Commission of any proposed changes to their tariffs. In most cases, the Commission must approve the tariff revisions before the revisions can take effect. For certain kinds of utilities, however, the Commission allows proposed tariff revisions to take effect automatically at the end of a 30-day period. The most common occurrence of tariff revisions taking effect automatically is with respect to interexchange telecommunications utilities. The Commission considers most tariff filings at "Tariff Action meetings" which are held in public twice a month, generally on the second and fourth Thursday of each month.

Review, analysis and disposition of tariff filings are substantial elements of the Commission's workload. During FY00 there were 544 tariff filings submitted to the Commission. Of these, 411 were processed routinely (generally within 45 days of receipt). Of the remaining filings, 63 were suspended for further investigation,

- 9 were rejected,
- 23 were withdrawn, and
- 38 were pending.

A graphic indicator of the disposition of tariff revisions filed in fiscal year 2000 is shown in Figure 11.

**Figure 11**  
**Tariffs filed -- Tariffs suspended**





## Tariff Revisions

In FY00 there were 49 proposed general rate changes, two general rate restructurings and no simplified rate filings. Twenty-five of the general rate changes were from pipeline carriers and twenty-four were from utilities. Of the 49 general rate changes,

- 31 were suspended,
- 17 were approved or went into effect automatically, and
- one was withdrawn.

Figure 12 presents a statistical breakdown of requests for utility and pipeline carrier tariff changes by category. Each request is counted only once regardless of the number of proposed tariff changes it includes.

**Figure 12**  
**Utility and pipeline tariff revisions**

<b>CATEGORY</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
General rate changes <sup>1</sup>	17	19	47	49
General rate restructurings	8	2	0	2
Simplified rate filings	4	3	2	0
New service/equipment offerings	79	183	168	143
Nonrecurring rates	5	20	8	5
Universal access surcharge	0	0	30	4
Regulatory cost charge	85	101	75	107
Contracts	12	12	46	16
Fuel, gas, and purchased power surcharges; power cost equalization filings; nonfirm power purchase rates	110	112	133	85 <sup>2</sup>
Rule changes	41	40	76	55
Miscellaneous	119	132	48	78
<b>Totals</b>	<b>480</b>	<b>624</b>	<b>633</b>	<b>544</b>
<b>FY percent change</b>	<b>+11%</b>	<b>+30%</b>	<b>+1.44%</b>	<b>-14%</b>

<sup>1</sup> In previous annual reports, some filings now shown in this category were classified as "miscellaneous." The "General Rate Changes Category" does not include simplified rate filings.

<sup>2</sup> No PCE bas rate changes

## Tariff Revisions

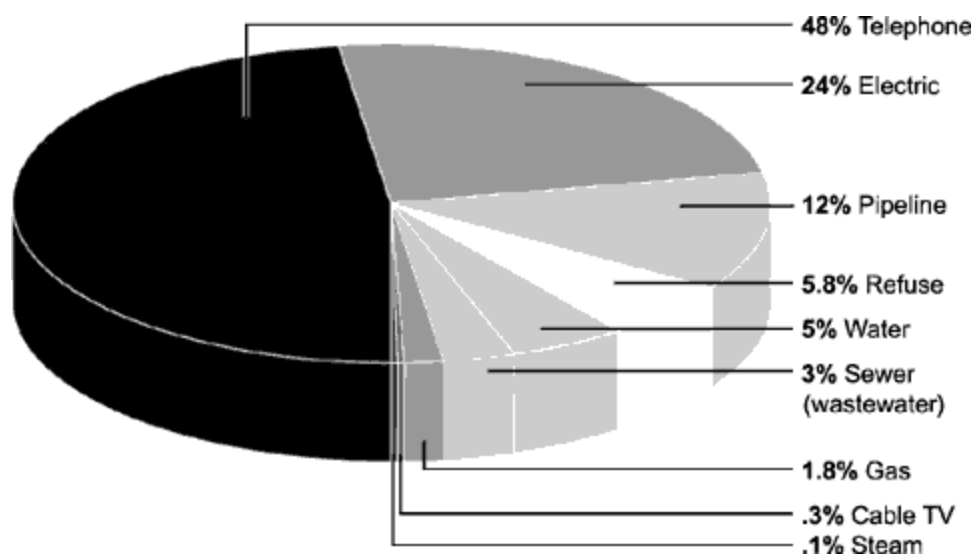
Figure 13 shows a summary of tariff filings used to generate the chart in Figure 14.

**Figure13**  
**FY00 -- Tariff filings**

Type	Number of filings
Cable TV	2
Electric	131
Gas	10
Pipeline	64
Refuse	32
Steam	1
Sewer (wastewater)	17
Telephone	261
Water	26
<b>Total</b>	<b>544</b>

Figure 14 is a summary of the tariff filings received in FY00 classified according to utility type and pipeline carrier.

**Figure 14**  
**FY99 -- Tariff filings by type**



## Formal Proceedings (excluding certification)

In addition to the certifications and tariff filings, the Commission institutes formal proceedings to consider a number of matters including

- rate changes,
- rule changes,
- special contracts,
- complaints against utilities and pipeline carriers,
- investigations of service quality or management practices, and
- regulations.

Frequently, requests for general rate changes also include or necessitate a restructuring of rates.

Rate-related filings continue to be the dominant component of the Commission's formal proceedings, excluding certifications, as shown in Figures 15 and 16. This statistic is significant because these proceedings tend to have a long-term impact on the Commission's workload. Considerable time and resources are required for audit, investigation, prefiled testimony preparation, public hearings, determination and issuance of a decision, and processing any requests for reconsideration.

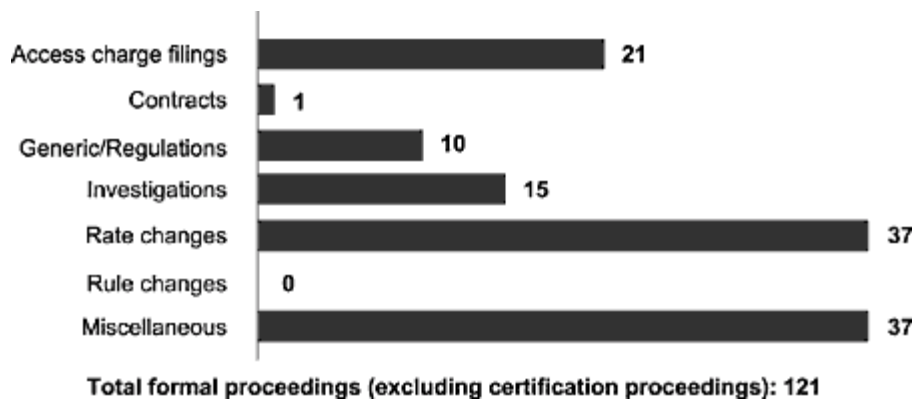
**Figure 15**  
**FY97-FY00 Formal proceedings**  
**(excluding certification)**

<b>CATEGORY</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Access charge filings	42 <sup>1</sup>	22	21	21
Contracts	4	6	2	1
Generic and regulations proceedings	14	12	5	10
Investigations:				
Complaints	19	12	0	7
Management practices	4	3	0	0
Interconnection	4	5	2	1
Eligible carrier designation	0	32	0	0
Other	7	5		
Rate changes:			3	7
General rate changes	7	4	6	18
Rate restructurings	3	3	0	5
Service/equipment offerings	15	36	12	13
Rates - other	25	6	6	1
Rule changes	3	2		
Miscellaneous:			1	0
Equal access ballots	0	0	5	3
Protected status/confidential status	0	0	8	16
Other	13	19	0	18
<b>Total</b>	<b>160</b>	<b>167</b>	<b>71</b>	<b>121</b>

<sup>1</sup> Includes access charge proceedings for a two-year period.

Formal Proceedings (excluding certification)

**Figure 16**  
**Composition of FY00 formal proceedings**  
**(excluding certification proceedings)**



Administrative Clerk Joy Gordanier and  
Utility Tariff Analysts Wendy Arnett and  
Robin Boysen



Administrative Supervisor Joyce McGowan and Adminis-  
trative Clerks Wanda Bentley and Carolyn Wright

## Open Dockets

All formal proceedings before the Commission are identified as 'dockets.' Dockets are numbered functionally to denote the type of proceeding, the year of its initiation and numerical sequence in that year. "R," for instance, designates a regulatory docket. "P" is a pipeline case and "U" a utility proceeding. P-94-3 would thus be the third pipeline docket opened by the Commission in fiscal year 1994. The materials, legal pleadings and decisions relevant to each case are identified by this number and filed in the docket. After a case is decided and any necessary costs are allocated, the docket is closed.

Figure 17 shows the change in the number of cases pending at the end of FY00. The Commission opened 205 new dockets during FY00, a 20% increase from the previous year. This led to a 0.01% decrease in dockets pending at the end of FY00.

**Figure 17**  
**Change in Caseload FY97-FY00**

<b>Caseload</b>	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>
Pending cases beginning of year	236	375	559	532
New dockets opened	219	266	171	205
Dockets closed	80	82	198	206
Pending cases end of year	375	559	532	531
Percent change in pending caseload at end of FY	+58.9%	+49.1%	-0.5%*	-0.01%



Utility Engineer Analysts Brad Persson and Tim McConnell;  
Chief Engineer Paul Morrison; Administrative Clerk Daretha Tolbert  
and Utility Engineer Analyst James Keen

\*FY99 Percent change in pending caseload at end of FY should have been listed as -0.05%

## Summary of Filings

A substantial part of the mission of the RCA is to handle and process filings and complaints. Figure 18 summarizes the filings handled by the RCA by type of utility over the past year and illustrates the distribution of the Commission's workload. The table does not include Commission obligations arising from government actions or from initiatives taken by the Commission. These activities are equally important to fulfill the RCA's regulatory responsibilities.

**Figure18**  
**Summary of Filings by Type of Entity**

<b>Entity</b>	<b>Tariff Filings</b>	<b>Formal Proceedings</b>	<b>Informal complaints</b>	<b>Applications</b>
Generic <sup>1</sup>	0	4	0	0
Steam	1	0	0	0
Water	26	4	32	2
Pipeline	64	10	0	11
Cable TV	2	0	1	2
Electric	131	12	67	4
Refuse (garbage)	32	2	13	6
Gas	10	1	25	2
Sewer (wastewater)	17	1	2	2
Telephone	261	87	450	55
Cellular	0	0	0	0
<b>Total</b>	<b>544</b>	<b>121</b>	<b>590</b>	<b>84</b>

<sup>1</sup> This act involves more than one type of utility.



## Appeals and other court proceedings pending during FY00

This report includes administrative appeals and other court proceedings during FY2000. Some of the appeals are from orders of the Alaska Public Utilities Commission (APUC). The legislature provided in Section 29, Chapter 25, 1999 SLA that litigation and other proceedings in connection with functions transferred to the Regulatory Commission of Alaska (RCA) from the former APUC "may be completed notwithstanding a transfer or repeal" provided in the Act establishing the RCA.

### Pipelines

#### **The Quality Bank Price Index Appeals.**

For the purpose of computing the Trans Alaska Pipeline (TAPS) quality bank adjustments, the Commission has adopted the use of substitute price indexes by the administrator of the quality bank. Both Exxon and Tesoro filed appeals of these orders. The appeals were stayed until further order of the Superior Court pending resolution of the issues before the Federal Energy Regulatory Commission (FERC) and the federal courts. After the Federal Appeals Court remanded the issues to the FERC, the Superior Court, upon motion of the RCA, remanded the issue to the RCA.

### Telecommunications

#### **GCI Communication Corp. v. APUC.**

In January 1998, GCI filed three administrative appeals from APUC orders in Docket Nos. U-97-60, U-97-65, and U-97-66 challenging the APUC's decision in each of these dockets precluding GCI from further participation in these proceedings. Based on the documentary record, the Commission determined that GCI had violated the confidentiality order governing the exchange of confidential information in these dockets. The APUC moved for a remand in view of its decision to grant GCI evidentiary hearings to reconsider whether GCI complied with the confidentiality orders, and to determine what sanctions, if any, were warranted. On February 20, 1998, Judge Sigurd Murphy granted the APUC's motion for a remand but retained jurisdiction over the consolidated appeals pending the completion and outcome of the administrative hearings. The APUC conducted remand hearings and reaffirmed the sanction of precluding GCI from Docket U-97-60 (Matanuska Telephone Association, Inc. access charge docket). At the end of the 1999 fiscal year the APUC had issued no order in U-97-65 and U-97-66 (Telephone Utilities of Alaska, Inc. (TUA) and Telephone Utilities of the Northland, Inc. (TUNI) access charge dockets). The RCA reviewed the records in the TUA and TUNI dockets and issued a consolidated order on September 2, 1999. This order, among other things, vacated the sanctions imposed on GCI by the APUC. The RCA and GCI agreed on February 7, 2000, to dismiss the consolidated appeals.

#### **Telephone Utilities of Alaska, Inc., Telephone Utilities of the Northland, Inc., and PTI Communications of Alaska, Inc. v. RCA.**

On January 8, 1998, the APUC issued three orders denying GCI's petition to terminate rural exemptions under Section 251 of Telecommunications Act of three PTI companies, TUA, TUNI and PTI Communications of Alaska, Inc. (PTIC). The Commission found that the impact upon universal service could not be determined until a new support system compatible with competition was established. On March 20, 1998, GCI filed administrative appeals of the three orders. A group of rural telephone utilities, the Rural Coalition participated in the appeal. The appeals were consolidated for the purposes of the appeal. GCI raised issues concerning the burden of proof, due process and whether substantial evidence supported the findings of the Commission.

On March 4, 1999, Judge Sigurd Murphy held that the APUC had erred by placing the burden of proof on GCI – listed in the docket as the "competitive local exchange carrier" (CLEC). The court held that the PTI companies, the "incumbent local exchanges" (ILEC), had the burden under State law to prove that the rural exemption from the compulsory arbitration provisions of the Telecommunications Act of 1996 should continue. The court remanded for further hearings by the APUC and directed that the Commission obtain all the relevant information from the PTI companies and consider each of GCI requests "cognizant of the intent of Telecommunications Act to promote competition in the local market."

## Appeals and other court proceedings pending during FY00

The PTI companies and the APUC petitioned the Alaska Supreme Court for review of the Superior Court order. The Alaska Supreme Court denied review.

The APUC held a hearing regarding the three dockets and on June 30, 1999, issued orders terminating the rural exemptions of TUA, TUNI, and PTIC. On July 15, 1999, the Alaska Communications Systems (ACS), the new owner of TUA, TUNI, and PTIC, moved for reconsideration of the APUC orders. The RCA granted the motion and reconsidered the decision. Each new commissioner reviewed the record and issued orders terminating the rural exemption of the three ACS subsidiaries.

ACS appealed these rulings claiming, among other issues, that the RCA violated due process by referring to another docket involving the GCI rural DAMA project and that the RCA placed an enhanced burden on ACS in violation of the Telecommunications Act. At the end of the fiscal year the case was still being briefed.

### **Telephone Utilities of the Northland, Inc., Telephone Utilities of Alaska, Inc., and PTI Communications of Alaska, Inc. v. RCA.**

On September 1, 1999, TUA, TUNI and PTIC, now ACS subsidiaries filed a "Petition Pursuant to Section 251(f)(2) to establish competition in the Fairbanks and Juneau Local Exchange Markets." The petition requested that the RCA suspend and modify the requirements set forth in section 251(b) and (c) and adopt an alternative of tariffed interconnections. The Commission found that the petitioners had raised no factual issues that were not considered in the rural exemption dockets that had just been reconsidered (see above). The Commission also found that it was not in the public interest to substitute the ACS method of implementing interconnection for the negotiation and arbitration provisions of the Telecommunications Act of 1996. The Commission dismissed the petition without hearing. ACS appealed to the Superior Court on the ground that it had been denied a hearing in violation of due process. The case was consolidated with the rural exemption appeals and at the end of the fiscal year was being briefed.

### **Alaska Communications Systems v. Alaska Fiberstar and the RCA.**

ACS has filed the same appeal in both Federal and State court. The subject matter involves ACS' appeal of RCA orders in Docket U-00-04. The orders at issue, (2 and 3), involve the Commission's decision made under 47 USC § 252(i) of the 1996 Telecom Act to allow Alaska Fiberstar to "pick and choose" elements of an interconnection agreement for its own use that mirror those already in place between ACS and GCI. ACS has asserted that the RCA erred in its interpretation of the Telecom Act's requirements as well as in its decision to enforce an arbitration decision concerning the same. A motion to dismiss the federal court cases is pending asserting state (and RCA) immunity under the 11th Amendment.

### **MacTel v. APUC and the Alaska Universal Service Administrative Co. (AUSAC).**

On March 30, 1999, MacTel, a wireless telecommunications carrier, filed an original action in Superior Court against the Commission and AUSAC, the administrator of the Alaska Universal Service Fund (AUSF). The APUC had adopted regulations that put into operation a universal service system and established a fund that is supported by a surcharge to all telecommunications carriers that is passed on to the consumer. 3AAC 53.300 – .399. The system supports telecommunications companies in high cost areas and lowers the cost for low-income consumers. The establishment of the system allows the State to match federal funds that are available under the Federal Universal Service System. MacTel alleged that the regulations were

- adopted without statutory authority;
- in violation of the dedicated fund prohibition and prohibitions on delegation of the power to tax in the Alaska Constitution; and
- that provisions of the Telecommunications Act of 1934, as amended, preempted the power of the Commission to regulate wireless telecommunications carriers, such as MacTel.

Appeals and other court proceedings pending during FY00

The utility sought a preliminary injunction against the operation of the system. This was denied on June 3, 1999, by Superior Court Judge Michalski. By agreement of the RCA, MacTel, and AUSAC the case was dismissed.

**Telephone Utilities of the Northland, Inc. v. RCA.**

On November 24, 1999, TUNI filed a notice of appeal in Superior Court from RCA Letter Order L9900771, which directed the AUSAC to suspend and escrow payment of intrastate DEM (switching) support to TUNI. The RCA subsequently vacated the order and the parties agreed to dismiss the appeal on January 18, 2000.

**Electric**

**Tlingit-Haida Regional Electrical Authority (THREA) v. APUC. (Alaska Power Company (APC), and the City of Klawock are also parties to this appeal.)**

This litigation began following the APUC's decisions in Orders U-94-2(9) and U-94-2(10) revoking THREA's right to provide retail electric service to the City of Klawock and granting the exclusive right to provide such service to APC. THREA filed an administrative appeal challenging APUC's Orders U-94-2(9) and U-94-2(10). On April 24, 1995, Superior Court Judge Weeks upheld the APUC's authority to delineate the overlapping service territories of THREA and APC, but remanded the matter to the APUC to determine how Orders U-94-2(9) and U-94-2(10) would financially impact THREA and the ratepayers in THREA's service territory, and whether such impacts would frustrate the federal purpose of the Rural Electrification Act of 1936 (REAct). On remand, the APUC held evidentiary hearings to investigate the impact issues identified by the Superior Court. On July 3, 1997, the APUC issued Order U-94-2(19), in which it held that the decertification of THREA's right to serve Klawock would have only a de minimis impact on ratepayers in THREA's service territory, and that it would frustrate the REAct if THREA continued to serve Klawock. Order U-94-2(19) reaffirmed the decisions in Orders U-94-2(9) and U-94-2(10). THREA filed an administrative appeal challenging the APUC's decertification decision in Order U-94-2(19). On July 1, 1998, Superior Court Judge Weeks upheld the Commission's decertification decision and remanded the matter to the APUC for a determination of the fair value of THREA's property taken by the decertification decision. THREA has filed an appeal to the Alaska Supreme Court challenging Judge Weeks' decision. The City of Klawock and APC have jointly filed cross-appeals and the APUC has filed its own cross-appeal on portions of Judge Weeks' decision regarding the claim that THREA's property has been taken by the Commission's order. The case was briefed and argued before the Alaska Supreme Court at the end of the fiscal year.

**Chugach Electric Association, Inc. v. APUC.**

Chugach Electric Association, Inc. (Chugach) attempted to sell power to customers in Municipal Light & Power's (ML&P) service territory. ML&P filed a complaint with the APUC. Chugach admitted the attempt to sell power to the customers, but contended that the sales were lawful and that review or approval from the Commission prior to such sales was not required. The Commission issued an order prohibiting Chugach from selling power to customers in ML&P's territory without applying for and obtaining a Certificate of Public Convenience and Necessity from the Commission.

Chugach filed this appeal to which ML&P is a party contending the statute did not require approval by the Commission and contending that the Commission's interpretation violates the Federal antitrust laws. The Commission has argued that there is a longstanding interpretation of the Alaska Public Utility Commission Act to require a certificate before a utility service can be provided to customers in a particular service territory. The Commission denies that antitrust law compels a contrary interpretation.

On April 15, 2000, Superior Court Judge Sen Tan issued a decision affirming the decision of the APUC. The Court held that the statute required Chugach to apply for a certificate before it could enter the ML&P service area. The Court also held that it did not have jurisdiction of the Federal antitrust issue and that the Court's interpretation of State law did not violate any federal legal doctrine or principle. Chugach has appealed the decision to the Alaska Supreme Court.

Appeals and other court proceedings pending during FY00

**Chugach Electric Association, Inc. v. APUC.**

This administrative appeal arose out of Order No. 13 in Docket U-96-37 that directed Chugach to recalculate the cost of power balancing account (COPA) for 1995-1997 to include a more accurate line loss figure for the wholesale customers. Chugach had been undercollecting fuel surcharges from the retail customers and overcollecting fuel surcharges from whole-sale customers. Chugach claimed the refund order violates the prohibition against retroactive ratemaking. The Commission denied reconsideration on the ground the retroactive ratemaking prohibition does not apply to fuel adjustment clauses. (Matanuska Electric Association, Inc. (MEA) is also a party.) The case was briefed and argued before Judge Michalski. The Superior Court ordered that the record be supplemented concerning the origin of the line loss calculation used by Chugach. At the end of the fiscal year the appeal was under consideration by the court.

**Chugach Electric Association, Inc. v. Matanuska Electric Association, Inc.**

The RCA was joined in a lawsuit initiated by Chugach to collect from MEA a tariff that had been approved by the RCA. MEA, in its motion for summary judgment, had asserted that the Commission did not have jurisdiction over the issue and that the tariff was unenforceable because of provisions in the applicable power sales agreement. The RCA filed a brief supporting its jurisdiction and the validity of the tariff. The case was argued before Superior Court Judge Hensley. No decision had been issued at the end of the fiscal year.

**Matanuska Electric Association, Inc. v. RCA.**

On May 16, 2000, MEA filed a notice of appeal in Superior Court from an RCA order, which granted an intervention petition filed by three MEA ratepayers in Docket U-99-130. MEA also filed a petition for review in Superior Court of the same RCA intervention order. The RCA, and the intervenors, moved to dismiss the appeal and opposed the petition for review. At the end of the fiscal year, the case was under consideration by the Court.

## Legal Authority

### Statutes

Created in 1959, the Alaska Public Utilities Commission has, since 1970, been a full-time administrative agency under the Alaska Public Utilities Commission Act (AS 42.05) charged with the duty of regulating public utilities within the state. The jurisdiction of the Commission extends to electric, gas, refuse (garbage), sewer (wastewater), steam, telecommunications (cable television, interexchange, and local exchange service), and water public utilities as defined by the Act. In 1981 the Legislature amended the Alaska Pipeline Commission Act (AS 42.06) to merge the Alaska Pipeline Commission into the Alaska Public Utilities Commission, and the Commission's jurisdiction was extended to pipeline carriers and pipelines. In 1999, the legislature reorganized and renamed the Commission the Regulatory Commission of Alaska (RCA).

The Commission is comprised of five commissioners appointed by the Governor and confirmed by the Legislature for six-year terms of office. The Commission is authorized to employ additional personnel to assist in the performance of its duties.

The Commission is responsible for making or requiring just, fair, and reasonable rates, classifications, regulations, practices, services, and facilities for public utilities and pipeline carriers. The Commission has the authority to investigate, hold hearings, prescribe systems of accounts, require the filing of reports, adopt regulations, and take other lawful actions necessary to accomplish the stated purposes of AS 42.05 and AS 42.06. The Commission also determines the eligibility of electric utilities for power cost equalization and the kilowatt-hour subsidy amount under the provisions of AS 42.45.100 - 42.45.190. The Commission is also authorized under AS 31.15.010 - 31.15.050 to determine if there has been unjust and unreasonable discrimination in the purchase of oil offered for purchase within Alaska.

Under AS 42.05.221, a public utility<sup>1</sup> providing service to customers for compensation is required to obtain a certificate of public convenience and necessity<sup>2</sup> from the Commission. A certificate describes the nature and extent of authority granted to a public utility, including a description of the authorized service area and the scope of operations of the utility. Under AS 42.05.241, a certificate may not be issued unless the Commission finds that the service is required for the convenience and necessity of the public and that the applicant is fit, willing and able to provide the utility service requested. Similarly, pipeline carriers subject to the Commission's jurisdiction must secure a certificate of public convenience and necessity.

<sup>1</sup> The terms "public" and "public utility" are defined in AS 42.05.990(3) and (4), respectively. Generally, a public utility is one that provides utility service for compensation to ten or more customers or that sells wholesale service to a utility that serves ten or more customers.

<sup>2</sup> Electric and telephone utilities grossing less than \$50,000 are not required to be certificated unless their customers petition the Commission for regulation under AS 42.05.712(h). AS 42.05.711 (e).



## Legal Authority

A number of certificated utilities are statutorily exempt from economic regulation<sup>3</sup> by the Commission, including:

1. public utilities owned and operated by a political subdivision of the state, none of whose utilities is in competition with any other utility, unless the political subdivision elects to be regulated by the Commission (AS 42.05.711(b))<sup>4</sup>;
2. refuse utilities with annual gross revenues of \$300,000 or less, unless the subscribers of the utility petition the commission for regulation under AS 42.05.712(h) or customers paying 25 percent of a utility's gross revenues have petitioned the Commission for regulation (AS 42.05.711(i));
3. cable television utilities, unless the customers petition the Commission under AS 42.05.712(h) for regulation (AS 42.05.711(k)); and
4. electric and telephone utilities with gross revenues of less than \$50,000 are exempt from both certification requirements and economic regulation, unless 25 percent of their customers petition for regulation under AS 42.05.712(h).

AS 42.05.711 also specifies other utilities that may, under terms specified in AS 42.05.712, elect to become economically deregulated by the Commission.

The Commission is authorized under AS 42.05.711(d) to exempt a utility from all or a portion of AS 42.05 if such an exemption is in the public interest. Under this provision, the Commission has exempted a number of small utilities from ratemaking regulation. Competition in refuse collection services has also been introduced in a number of areas around the state.



Public Advocacy Section Chief Lew Craig; Utility Financial Analysts Parker Nation and Kate Koch; and Assistant Attorneys General Steve DeVries and Ron Zobel

<sup>3</sup> “Economic regulation” (defined in 3 AAC 48.820(43)) means that the Commission’s jurisdiction extends to matters concerning rates and charges for public utility or pipeline carrier services, quality of service provided by a utility or pipeline carrier to its customers or shippers, management practices of a utility or pipeline carrier, and customer or shipper complaints concerning the services furnished by a utility or pipeline carrier.

<sup>4</sup> The utilities of the Municipality of Anchorage are the only utilities operated by a political subdivision that are currently subject to economic regulation by the Commission.

## Legal Authority

### Regulations

As authorized under AS 42.05.151, the Commission has adopted regulations to carry out its statutory duties. The Commission's regulations and other statutory provisions are set out in the Alaska Administrative Code at Title 3, Part 5, Chapter 47 (Regulatory Cost Charge); Chapter 48 (Practice and Procedure); Chapter 49 (Deregulation); Chapter 50 (Energy Conservation); Chapter 51 (Telecommunications Relay Service); Chapter 52 (Operation of Public Utilities); and Chapter 53 (Telecommunications).



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Economist Antony Scott



Administrative Clerk Tannon Davis  
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